

## EXECUTIVE SUMMARY

The outlook for Idaho's economy has improved significantly in just a few short months. In the January 1999 *Idaho Economic Forecast* it was projected that nonfarm employment growth would slow to 1.6% this year. Instead of nonfarm employment growth slowing in 1999, it should actually accelerate slightly (2.7% versus 2.6% in 1998). There are two main reasons for this change. First, revised Idaho nonfarm employment data show that there were about 600 more jobs in the first and second quarters of 1998. This higher employment raises the starting point for employment in 1999. Second, future Idaho nonfarm employment growth benefits from the stronger outlook for the national economy. Idaho nonfarm employment is anticipated to rise 2.7% in 1999, 2.3% in 2000, 2.1% in 2001, and 2.0% in 2002. Idaho employment is not the only measure whose outlook has improved. Thanks to the stronger job growth and lower inflation, Idaho real personal income is expected to grow faster than was previously projected. By 2002 Idaho real personal income should climb to \$26.0 billion, compared to \$25.5 billion in the previous forecast. The impact is more noticeable on a per capita basis. In the previous forecast Idaho real personal income per person was estimated at \$19,245 in 2002. In the current forecast it is \$19,840 in that same year.

The outlook for the U.S. economy has also improved. In fact, it is at the age where most expansions are winding down, but this one has actually become more vigorous. Despite this strength, the economy still has not developed any of the ailments of old age. Two symptoms of this would be high inflation and high manufacturers' capacity utilization rates. A look at both of these suggests no imminent problems. Consumer prices, thanks to soft food prices and the collapse in oil prices, rose just 1.6% last year and remains under control. Likewise, the manufacturers' capacity utilization rate is safely below the critical level. After this positive check up, many experts have revised their prognosis for the national economy. In its November 1998 macroeconomic forecast, DRI projected that real GDP growth would slow to 1.7% in 1999. Four months later, it now projects that real GDP will grow 3.7% this year. As was the case in 1998, no significant imbalances are anticipated during the forecast period. Inflation will creep up, but remain low. The U.S. manufacturing capacity rate should stay under the level associated with inflation. Unemployment will also rise, but it will remain below the full-employment rate. If DRI's current forecast holds, Americans will enjoy the fruits of the longest modern day expansion on record.

# IDAHO ECONOMIC FORECAST

## EXECUTIVE SUMMARY

APRIL 1999

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>GDP (BILLIONS)</b>										
Current \$	6,558	6,947	7,270	7,662	8,111	8,511	8,907	9,196	9,574	9,949
% Ch	5.0%	5.9%	4.6%	5.4%	5.9%	4.9%	4.7%	3.2%	4.1%	3.9%
1992 Chain-Weighted	6,390	6,611	6,762	6,995	7,270	7,552	7,828	7,989	8,178	8,342
% Ch	2.3%	3.5%	2.3%	3.4%	3.9%	3.9%	3.7%	2.1%	2.4%	2.0%
<b>PERSONAL INCOME - CURR \$</b>										
Idaho (Millions)	19,475	20,628	22,071	23,430	24,681	25,864	27,164	28,471	29,837	31,264
% Ch	10.0%	5.9%	7.0%	6.2%	5.3%	4.8%	5.0%	4.8%	4.8%	4.8%
Idaho Nonfarm (Millions)	18,339	19,979	21,371	22,647	23,956	25,187	26,466	27,752	29,100	30,511
% Ch	8.6%	8.9%	7.0%	6.0%	5.8%	5.1%	5.1%	4.9%	4.9%	4.8%
U.S. (Billions)	5,481	5,758	6,072	6,425	6,784	7,125	7,476	7,782	8,099	8,411
% Ch	4.3%	5.1%	5.5%	5.8%	5.6%	5.0%	4.9%	4.1%	4.1%	3.9%
<b>PERSONAL INCOME - 1992 \$</b>										
Idaho (Millions)	18,967	19,615	20,518	21,347	22,073	22,950	23,816	24,584	25,267	25,938
% Ch	7.2%	3.4%	4.6%	4.0%	3.4%	4.0%	3.8%	3.2%	2.8%	2.7%
Idaho Nonfarm (Millions)	17,861	18,998	19,867	20,634	21,425	22,349	23,204	23,964	24,643	25,314
% Ch	5.7%	6.4%	4.6%	3.9%	3.8%	4.3%	3.8%	3.3%	2.8%	2.7%
U.S. (Billions)	5,339	5,476	5,645	5,854	6,068	6,323	6,556	6,721	6,860	6,979
% Ch	1.6%	2.6%	3.1%	3.7%	3.6%	4.2%	3.7%	2.5%	2.1%	1.7%
<b>HOUSING STARTS</b>										
Idaho	11,456	12,766	9,358	9,216	8,866	9,915	9,505	9,690	9,799	9,996
% Ch	19.5%	11.4%	-26.7%	-1.5%	-3.8%	11.8%	-4.1%	1.9%	1.1%	2.0%
U.S. (Millions)	1.292	1.446	1.361	1.469	1.476	1.622	1.624	1.458	1.444	1.455
% Ch	7.5%	12.0%	-5.9%	7.9%	0.5%	9.9%	0.1%	-10.2%	-0.9%	0.7%
<b>TOTAL NONFARM EMPLOYMENT</b>										
Idaho (Thousands)	436.7	461.2	477.4	492.6	508.8	521.8	535.6	548.2	559.8	571.0
% Ch	4.8%	5.6%	3.5%	3.2%	3.3%	2.6%	2.7%	2.3%	2.1%	2.0%
U.S. (Millions)	110.7	114.1	117.2	119.6	122.7	125.8	128.8	130.2	131.6	132.5
% Ch	1.9%	3.1%	2.7%	2.1%	2.6%	2.6%	2.3%	1.1%	1.1%	0.7%
<b>FINANCIAL MARKETS</b>										
Federal Funds Rate	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	4.8%	5.0%	5.0%	5.0%
Bank Prime Rate	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	7.8%	8.0%	8.0%	8.0%
Mort Rate, New Homes	7.2%	7.5%	7.9%	7.8%	7.7%	7.1%	7.1%	7.3%	7.1%	6.9%
<b>INFLATION</b>										
GDP Price Deflator	2.6%	2.4%	2.3%	1.9%	1.9%	1.0%	1.0%	1.2%	1.7%	1.9%
Personal Cons Deflator	2.7%	2.4%	2.3%	2.0%	1.9%	0.8%	1.2%	1.5%	2.0%	2.1%
Consumer Price Index	3.0%	2.6%	2.8%	2.9%	2.3%	1.6%	1.8%	2.1%	2.3%	2.4%

**National Variables Forecast by Standard and Poor's DRI**  
**Forecast Begins the FOURTH Quarter of 1998**

# IDAHO ECONOMIC FORECAST

## EXECUTIVE SUMMARY

APRIL 1999

	1998				1999				2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GDP (BILLIONS)</b>												
Current \$	8,384	8,441	8,538	8,680	8,796	8,872	8,950	9,011	9,068	9,147	9,238	9,331
% Ch	6.4%	2.7%	4.7%	6.8%	5.4%	3.5%	3.6%	2.8%	2.5%	3.5%	4.0%	4.1%
1992 Chain-Weighted	7,465	7,499	7,566	7,679	7,754	7,808	7,859	7,892	7,914	7,961	8,016	8,065
% Ch	5.5%	1.8%	3.7%	6.1%	4.0%	2.9%	2.6%	1.7%	1.1%	2.4%	2.8%	2.5%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	25,439	25,635	25,982	26,400	26,686	27,024	27,327	27,617	27,969	28,309	28,642	28,963
% Ch	6.7%	3.1%	5.5%	6.6%	4.4%	5.2%	4.6%	4.3%	5.2%	5.0%	4.8%	4.6%
Idaho Nonfarm (Millions)	24,782	24,951	25,307	25,709	26,000	26,333	26,621	26,910	27,264	27,595	27,918	28,232
% Ch	8.0%	2.8%	5.8%	6.5%	4.6%	5.2%	4.5%	4.4%	5.4%	4.9%	4.8%	4.6%
U.S. (Billions)	7,004	7,082	7,161	7,254	7,349	7,443	7,521	7,591	7,672	7,745	7,818	7,893
% Ch	5.9%	4.5%	4.5%	5.3%	5.3%	5.2%	4.3%	3.8%	4.3%	3.9%	3.8%	3.9%
<b>PERSONAL INCOME - 1992 \$</b>												
Idaho (Millions)	22,653	22,777	23,026	23,342	23,514	23,739	23,919	24,091	24,298	24,501	24,690	24,848
% Ch	6.7%	2.2%	4.5%	5.6%	3.0%	3.9%	3.1%	2.9%	3.5%	3.4%	3.1%	2.6%
Idaho Nonfarm (Millions)	22,068	22,169	22,428	22,731	22,909	23,132	23,301	23,474	23,687	23,883	24,066	24,221
% Ch	8.0%	1.8%	4.8%	5.5%	3.2%	4.0%	3.0%	3.0%	3.7%	3.4%	3.1%	2.6%
U.S. (Billions)	6,237	6,293	6,347	6,414	6,476	6,540	6,584	6,623	6,667	6,705	6,740	6,773
% Ch	5.9%	3.6%	3.5%	4.3%	3.9%	4.0%	2.8%	2.4%	2.7%	2.3%	2.2%	2.0%
<b>HOUSING STARTS</b>												
Idaho	10,898	9,748	9,414	9,602	9,516	9,526	9,489	9,489	9,569	9,668	9,739	9,783
% Ch	75.8%	-36.0%	-13.0%	8.2%	-3.5%	0.4%	-1.5%	0.0%	3.4%	4.2%	2.9%	1.8%
U.S. (Millions)	1.585	1.570	1.637	1.697	1.727	1.650	1.592	1.526	1.478	1.455	1.449	1.449
% Ch	19.6%	-3.7%	18.2%	15.5%	7.3%	-16.6%	-13.4%	-15.6%	-12.1%	-6.0%	-1.7%	0.2%
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho (Thousands)	516.0	520.1	523.1	527.9	530.8	534.5	537.3	539.9	543.4	546.8	550.0	552.6
% Ch	1.8%	3.1%	2.4%	3.7%	2.2%	2.8%	2.2%	1.9%	2.7%	2.5%	2.3%	1.9%
U.S. (Millions)	124.8	125.5	126.1	126.8	127.6	128.7	129.2	129.6	129.8	130.0	130.4	130.8
% Ch	2.8%	2.3%	2.0%	2.2%	2.5%	3.5%	1.6%	1.0%	0.6%	0.9%	1.0%	1.3%
<b>FINANCIAL MARKETS</b>												
Federal Funds Rate	5.5%	5.5%	5.5%	4.9%	4.7%	4.8%	4.9%	5.0%	5.0%	5.0%	5.0%	5.0%
Bank Prime Rate	8.5%	8.5%	8.5%	7.9%	7.8%	7.8%	7.9%	8.0%	8.0%	8.0%	8.0%	8.0%
Mort Rate, New Homes	7.2%	7.2%	7.1%	6.9%	7.0%	7.1%	7.2%	7.3%	7.3%	7.3%	7.3%	7.2%
<b>INFLATION</b>												
GDP Price Deflator	0.9%	0.9%	1.0%	0.7%	1.4%	0.7%	1.0%	1.0%	1.4%	1.1%	1.3%	1.6%
Personal Cons Deflator	0.0%	0.9%	1.0%	0.9%	1.4%	1.2%	1.5%	1.4%	1.6%	1.5%	1.6%	1.9%
Consumer Price Index	1.0%	1.8%	1.6%	1.7%	1.8%	1.8%	2.0%	2.0%	2.1%	2.0%	2.1%	2.3%

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